

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: May 17, 2006

To: The Commission
(Meeting of May 25, 2006)

From: Delaney Hunter, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **SB 1496 (Dunn) – Public utilities: California Alternate Rates for Energy (CARE) program**
As Amended May 1, 2006

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: Support with Technical Amendments.

SUMMARY OF BILL: This bill would require electrical and gas corporations to provide information upon request to County Sealer's office for the purpose of verifying compliance with the California Alternate Rates for Energy ("CARE") program and ensuring that sub-metered tenants of master metered facilities that are enrolled in the CARE program are receiving their discount.

SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:

- Currently, there is a gap in the enforcement of the CARE program in sub-metered facilities such as mobile home parks.
- The passage of this bill would allow County Weights and Measures Offices to verify that sub-metered tenants enrolled in CARE are receiving their CARE discount. Additionally, this bill would also ensure the effectiveness of the CARE program for sub-metered tenants of mobile home parks and other similar facilities.
- The practice of releasing CARE enrollment information is uneven amongst California utilities.

- The passage of this bill would improve the information gathering process for the purpose of investigating fraud allegations.
- This bill would assist in the objective of the CPUC through the effective and efficient administration of the CARE program.

SUMMARY OF SUGGESTED AMENDMENTS: The title provided by the bill in reference to “County Sealer”, should be changed to “Sealer” to encompass State Sealers as well as the deputies and inspectors. Under California Business and Professions Code 12006, “County Sealer” means any sealer appointed by a county. A county may in its discretion refer to its sealer as the county director of weights and measures.” The term “County Sealer” would only reference the director of the department rather than the field representatives who would be requesting this information. Therefore, the language should encompass this authority to other members in the department who may be requesting this information.

The term “Sealer” would allow deputies and inspectors to request the information. Under California Business and Professions Code 12008, “Sealer”, when used without qualification, includes the State Sealer County Sealer, County Sealers and their deputies and inspectors.” The word “Sealer” would allow the field representatives, such as inspectors, to request this information instead of limiting it to the appointed officials.

In making the change to the term “Sealer”, the bill should refer to the section of the code it is referring to for the definition, Business and Professions Code 12008.

DIVISION ANALYSIS (Energy):

- Currently, there is a gap in the enforcement of the CARE program in sub-metered residential facilities such as mobile home parks. Once a sub-metered tenant is enrolled in CARE, the tenant may or may not receive a letter confirming enrollment. After the tenant is enrolled, the landlord is considered the customer for the utility billing purposes. The itemized bills received from the landlord are complex and can be confusing to read for tenants. If a tenant has a question about his or her CARE discount or statement, they are not considered customers of the utilities and may be subject to confidentiality policies. Therefore, information concerning the status of the sub-metered tenant’s enrollment in CARE may not be released to the tenant.
- The passage of this bill would allow the local and state Sealer’s offices to verify that the tenant is receiving their discount through the measurement of the meter and discounts applied to the sub metered tenant. If the discount is not passed on to the sub-metered tenant, the Sealer official would be able to send a letter to the landlord stating the violations to encourage compliance. If landlord does not adhere to the warning, the County Sealer can work with the local District Attorney’s office to enforce compliance.

- The practice of releasing CARE enrollment information is uneven amongst California utilities. PG&E will release the information to county officials and tenants via the CARE hotline number, while SCE and SoCal Gas will not always release this information based on “confidentiality”. To date, SCE and SoCal Gas have not provided a reference to a statute or Commission order that prohibits them from releasing this information to a County Weights and Measures Office or to the sub-metered tenant.
- This bill would ensure the effectiveness of the CARE program for California sub-metered mobile home park tenants. The existing policy and practice of some utilities do not allow the sub-metered tenant to verify his or her CARE discount or enrollment.
- The Commission has an established relationship with local county sealers/weights and measurement agencies. Public Utilities Code 739.5(g) states, “In responding to the complaint, the commission shall consider the role that the office of the county sealer in the complainant’s county of residence may have in helping resolve the complaint and, where appropriate coordinate with that office.” The Commission, however, does not have jurisdiction to take enforcement action against master-meter customers that are not passing the CARE discount on to enrolled sub-metered tenants. The passage of this bill would assist the County Sealer by improving information gathering for the purpose of investigating fraud allegations and ensuring compliance.
- This bill would help to provide more effective administration of the CARE program and enforcement of the CARE discount for eligible customers.

PROGRAM BACKGROUND:

- This bill will remedy the problem of Sealer's offices not being able to verify that sub-metered mobile home park tenants are receiving their CARE discount. County Sealer's inspectors and deputies are authorized to inspect and certify the accuracy of weighing and measuring devices, including utility service meters, upon the request of any person. However, the official cannot confirm that the mobile home park tenant is actually entitled to receive the CARE discount without verification from the utility. Although the tenants are given an itemized bill from the landlord, there is not any verification of its accuracy. The county official has the knowledge and skills to notice any discrepancy and assure the CARE discount is included in the bill.
- To verify that the discount has been passed to the tenant, the Sealer will review the billing records provided by the mobile home park with the list of CARE eligible customers. Under California Code of Regulations Section 4090, “The operator of a metered utility service system shall retain records of all pertinent rate schedules, and individual customer billings for a period of at least 12 months. Such records shall be made available at reasonable times for inspection and copying by the customer and

county sealer. In comparison of the billings the Sealer can determine that the discount has been passed by recognizing whether the domestic rate or the CARE rate has been passed to those eligible customers. Once a discrepancy is noticed, the Sealer gives the landlord written notice to refund the over-billed amount to the tenant. If the landlord does not refund the charges to the tenant, the case is referred to the California Public Utilities Commission and the District Attorney's to be prosecuted under the California Business and Professions Code.

- There are a large number of CARE participants in sub-metered housing. In 2005, SDG&E reported 9,132 participants, while SoCalGas had 33,101. These numbers exemplify a large population that would benefit from the passage from this bill.
- The concerns of mobile home park residents have been documented in California Senate Special Committee hearings. In the April 2001 hearing, it was reported by homeowners' groups that eighteen parks had not passed the CARE discount to its residents.
- Presently the Commission's Consumer Affairs Branch is addressing 6 informal complaints regarding CARE recipients and billing in mobile home parks not passing the CARE discount to its residents.

LEGISLATIVE HISTORY:

Another bill in the current Legislative session, AB 2104 by Assemblymember Lieber, also concerns the CARE program and tenants of master-metered utility accounts. That bill would require the Commission to expand the application process for the CARE program to allow tenants of master-metered utility accounts to apply directly to their respective utilities' CARE programs. The Commission's Legislative Subcommittee has recommended the position of support with technical amendments on both bills, AB 2104 (Lieber) and SB 1496 (Dunn), and further views these bills as being linked.

FISCAL IMPACT ON CPUC: None.

STATUS: The bill passed out of the Senate Judiciary Committee on May 3rd. The bill was scheduled to be heard in the Senate Appropriations Committee on May 15th (results not yet available).

SUPPORT/OPPOSITION:

Support:

Golden State Manufactured-Home Owners League, Inc.

California Mobilehome Resource & Action Association

Opposition:

None on file.

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BILL LANGUAGE:

BILL NUMBER: SB 1496 AMENDED
BILL TEXT

AMENDED IN SENATE MAY 1, 2006
AMENDED IN SENATE MARCH 30, 2006

INTRODUCED BY Senator Dunn

FEBRUARY 23, 2006

An act to add Section 739.1.5 to the Public Utilities Code,
relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1496, as amended, Dunn Public utilities: California Alternate Rates for Energy (CARE) program.

(1) *Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. The California Constitution grants the commission certain general powers over all public utilities, including the power to fix rates, subject to control by the Legislature. Existing law creates a program of assistance to low-income electric and gas customers, known as the California Alternate Rates for Energy (CARE) program. The Public Utilities Act requires that, when gas or electric service is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex, the master-meter customer charge each user at the same rate which would be applicable if the user were receiving gas or electricity directly from the gas or electric company.*

This bill would require electrical and gas corporations to provide information upon request to ~~law enforcement officials~~

county sealers for the purpose of verifying compliance with the CARE program and ensuring that residents enrolled in the CARE program are receiving their discounts. The bill would specify that this information includes, among other things, the names and addresses of residents of master-meter mobilehome parks, apartment buildings, or ~~similar~~ residential housing complexes who are enrolled in CARE. The bill would require that county sealers use the information only for authorized purposes and not disclose the information other than to law enforcement officials for the purposes of enforcement of rates, as adjusted by CARE program discounts, charged by master meter customers for electricity and natural gas delivered through a submeter service system.

(2) *Under existing law, a violation of the Public Utilities Act or an order or direction of the Public Utilities Commission is a crime.*

Because the provisions of this bill would be a part of the act, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~
yes . State-mandated local program: ~~no~~
yes .

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 739.1.5 is added to the Public Utilities Code, to read:

739.1.5. Notwithstanding any other provision of law to the contrary, electrical or gas corporations shall provide information upon request to ~~law enforcement officials, including~~ county sealers ~~—~~ for the purpose of verifying compliance with Section 739.1 and ensuring that residents enrolled in the CARE program are actually receiving the discounts to which they are entitled. This information includes, but is not limited to, the names and addresses of residents who are qualified and enrolled in CARE residing in master-meter mobilehome parks, apartment buildings, or ~~similar~~ residential housing complexes. *County sealers shall use the requested information for authorized purposes only and shall not disclose the information requested pursuant to this section other than to law enforcement officials for purposes of enforcement of rates, as adjusted by CARE program discounts, charged by master meter customers for electricity and natural gas delivered through a submeter service system.*

SEC. 2. *No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.*